Atlantic Council

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Pariah States: Iran and Venezuela

Recent nationwide shortages of gasoline have added to the complexity of the crisis in Venezuela. Despite having the largest reserves of petroleum in the world, the state-owned oil enterprise, Petroleós de Venezuela (PDVSA), cannot refine its heavy crude due to mismanagement and corruption, leading to mass shortages and pent-up demand. In April 2020, the Maduro regime turned to Iran to partner in helping fix the oil refineries on the Paraguana peninsula, and to provide much-needed fuel to Venezuela. The newly minted oil minister, Tareck El Aissami, and the regime's special envoy to Iran, Lebanese-Colombian businessman Alex Saab, seemingly worked out a gold-for-gas deal with Tehran.[49]

Shortly after, in a period of a month and a half, the Iranian airline, Mahan Air, flew seventeen flights and the National Iranian Oil Company (NIOC) sailed five tankers from Iran to Venezuela to provide parts from China, Iranian technicians, and approximately 1.5 million barrels of gasoline to the fuel-starved Maduro regime.[50] Months later, the refineries on the Paraguana peninsula still do not operate, and Venezuela is once again facing fuel shortages. But, according to Bloomberg, the Islamic Republic received almost half a billion dollars' worth (nine tons) of gold bars as payment.[51]

The Iranian entities involved in this reported gold-for-gas scheme—namely Mahan Air, NIOC, and the Islamic Republic of Iran Shipping Lines (IRISL)—are all sanctioned by OFAC for connections to Iran's feared clerical army, the Islamic Revolutionary Guard Corps (IRGC). The nature of the IRGC and these state-owned or controlled entities raises a concern for potential dual-use operations, which have less of a commercial or humanitarian intent and are more militaristic in their ambitions.[52] A civil-forfeiture complaint filed in a district court in Washington, DC, suggests that the IRGC is behind the fuel shipments to Venezuela, citing the corporate records of four additional Liberian-flagged tankers from Iran that were stopped from arriving in Venezuela.[53] The contents of these tankers were seized by the United States in what has been described as the "largest U.S. seizure of Iranian fuel" to date.[54]

Much like in Syria, the IRGC's ability to operate in Venezuela is due to the heightened capability of Hezbollah's support network. Hezbollah's influence within, and infiltration of, Lebanese expat communities gives Iran a gateway to grow its footprint in Venezuela. Prominent businessmen, such as Alex Saab, are needed to facilitate this relationship with Iran because of their language, culture, and in-depth understanding of the Middle East. The June 2020 arrest in Cape Verde, off the coast of West Africa, and possible extradition of Saab to the United States for eight counts of money laundering has forced the Maduro regime to turn to other facilitators to manage the Iran portfolio.

One likely candidate is Lebanese-Venezuelan businessman Majed Khalil Mazjoub, who, along with his brother, Khaled, has amassed an empire in Venezuela in the shadows of the Chávez and Maduro regimes.[55] The Khalil Mazjoub brothers also reportedly received many preferential business deals from the Evo Morales regime in Bolivia, according to a 2017 legislative investigation by a Bolivian senator.[56] Immigration records from Bolivia show that Khaled Khalil Mazjoub traveled to La Paz at least seven times in the last five years, including a trip to Bolivia with his brother in 2015.[57] A close relative of the Khalil Mazjoub brothers in Lebanon, former Lebanese Finance Minister Ali Hassan Khalil, was recently sanctioned by OFAC for his "material support to Hezbollah" and other corruption charges.[58] A master of Middle Eastern networking with intimate knowledge of Venezuelan kleptocracy, Majed Khalil Mazjoub has the trust, access, and placement in Venezuela to help Iran and the Maduro regime continue their strategic cooperation should Alex Saab be sent to a US prison.

Part of this cooperation is a new Iranian supermarket called "Megasis," launched in Caracas in July. According to the *Wall Street Journal*, the supermarket is an offshoot of an Iranian retail chain, Etka, that is a subsidiary of the Ministry of Defense and Armed Forces Logistics (MODAFL) in Iran.[59] For the last fourteen years, the MODAFL has partnered with Venezuela's defense-logistics agency, the Venezuelan Company of Military Industries (CAVIM), setting up opaque military projects and shielding financial transfers through PDVSA's commercial exchange with China.[60]

The dual-use nature of Iran's cooperation with the Maduro regime, layered with the illicit finance connections of its facilitators and Hezbollah's established crime-terror network in Venezuela, creates a tier-one national security concern for the United States—one that is multifaceted and requires a robust response.

"MUCH LIKE IN SYRIA, [THE ABILITY OF IRAN'S ISLAMIC REVOLUTIONARY GUARD CORPS] TO OPERATE IN VENEZUELA IS DUE TO THE HEIGHTENED CAPABILITY OF HEZBOLLAH'S SUPPORT NETWORK."

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REUTERS/CARLOS GARCIA RAWLINS

Iran's Foreign Minister Mohammad Javad Zarif and Jorge Arreaza shake hands and pose for a photo during the Ministerial Meeting of the Non-Aligned Movement Coordinating Bureau in Caracas, Venezuela. The dual-use nature of Iran's cooperation with the Maduro regime, layered with the illicit finance connections of its facilitators and Hezbollah's established crime-terror network in Venezuela requires a robust response from the international community. Picture taken July 20, 2019.

Policy Recommendations

The United States' "maximum pressure" policy, in effect since January 2019, has focused on eroding the political and economic support of the Maduro regime. Still, the regime has proven resilient because it relies on external state and non-state actors. Unlike Colombia's FARC or ELN, Hezbollah is one of the less visible non-state actors helping the Maduro regime, but an important one nonetheless.

Understanding the nature of how Hezbollah operates in Venezuela, through the lens of threat-convergence theory, is critical for US, European, and Latin American efforts focused on finding a solution to the crisis in Venezuela. In order to neutralize the threat, the United States must engage in a counter-threat network approach that equally attacks convergence points throughout the world from which Iran, Hezbollah, and the Maduro regime benefit. However, the international community should combine these targeted actions with a global narrative that delegitimizes Hezbollah's presence in the region, with the goal of diminishing the terrorist group's influence in the larger Lebanese communities in Latin America.

Any strategy that aims to diminish Hezbollah's influence in Latin America must work with the Lebanese diaspora that is as much a victim as it is the target of Hezbollah's illicit activities. The following actions follow this strategy.

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